

TOP STORIES

- Futures Tumble Again as Apple Cut Shakes Global Outlook
- Apple Lowers Q1 Citing Slowdown in China, Trade Tensions, Weak Upgrade Cycle
- Bristol Myers to Acquire Celgene in \$74B Cash and Stock Deal
- Congressional Leaders Fail to Strike a Deal to End Shutdown

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2472 (-39)	-38.53
Nasdaq	6208.5 (-159.5)	-163.37
Dow	22969 (-356)	-353.24

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	6694.73	-0.59%
DAX	10418.72	-1.53%
Nikkei	20014.77	-0.31%
Hang Seng	25064.36	-0.26%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
	Motor Vehicle Sales	
8:15	ADP Employment	175K
8:30	Jobless Claims	217K
10:00	ISM Manufacturing	57.9
10:00	Construction Spending	0.2%

FOREX

EUR/USD	1.1344 (0.02%)
USD/JPY	107.62 (-1.15%)
USD/CAD	1.3612 (0.26%)
GBP/USD	1.2553 (-0.43%)

COMMODITY

Oil	46.46 (-0.17%)
Natural Gas	2.983 (0.85%)
Gold	1289.3 (0.41%)
Copper	2.603 (-0.76%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	23.22 (-8.65%)
Nasdaq	VXN	30.09 (-4.29%)
Oil	OVX	54.72 (5.5%)
Gold	GVZ	13.18 (-2.23%)

MARKET OUTLOOK

Futures are indicating a lower open for the morning after **Apple** cut guidance for the first time since 2002. The market-leader cited a slowdown in China due to trade tensions as well as fewer upgrades in their iPhone. The cut is reverberating across tech in both Europe and Asia while Tim Cook's comments on China are reigniting concerns over the White House's policy towards trade.

Biotech could be a bright spot today after **Bristol Myers** agreed to a \$74B deal to acquire **Celgene** this morning. CELG agreed to a \$9B deal for Juno last year which gave them a boost in oncology while they were eyeing a patent cliff on Revlimid in 2022. The deal is likely to spark **GILD**, **AMGN**, **PFE**, and many others.

In Washington, we enter day 13 of the government shutdown but House Democrats say they are prepared to present a bill to reopen the government when they take office today.

Asian markets closed mixed today with tech under pressure. Japan remains closed on Holiday. Chipmakers **Sunny Optical** and **ACC Tech** were down over 5% with the Apple guidance. Financials were under pressure on the mainland with reports the PBOC will lower the RRR for banks that lend to small businesses. It was a slow night for data in Asia. Hong Kong retail sales slowed to 1.4% in November, down from 5.9% in October.

European markets are weak again this morning after the Apple warning has shaken confidence. Chipmakers like **AMS**, **Dialog Semi**, **ASML**, **ST Micro**, and **Logitech** were all under pressure. The luxury goods sector was also under pressure as a highly exposed group to China. **LVMH**, **Kering**, **Burberry**, and **Swatch** were down over 2.5%. EU private loan growth remained steady at 3.3% in December. Spanish consumer confidence fell modestly to 90.9. In the UK, construction PMIs fell to 52.8, weaker than expected, and down from 53.4 prior.

S&P TECHNICALS

Levels: Support 2,450/2,500; Resistance 2,750/2,800



4911 Advancing	Declining 2364
65.3%	31.4%
21 New High	New Low 164
11.4%	88.6%
1419 Above SMA50	Below 6099
18.9%	81.1%
1102 Above SMA200	Below 6416
14.7%	85.3%

KEY EVENTS TO WATCH

Economic Data on Friday: Employment Situation (NFP) at 8:30 AM, PMI Services at 9:45, Jerome Powell Speaks at 10:15, Raphael Bostic Speaks at 10:15, EIA Nat Gas at 10:30, EIA Petroleum at 11:00;

International Data: EU PMI Composite, EU PPI, German PMI Composite, German Employment, UK PMI Services;

Earnings Before the Open: ANGO, CALM, LW, RPM;

ANALYST ACTION/COMMENTS

Plains GP (PAGP), Plains All American (PAA), Cheniere (LNG) upgraded to Buy at Goldman Sachs

TCF Fin'l (TCF) upgraded to Outperform at Wells Fargo

Illumina (ILMN) upgraded to Buy at UBS

Cigna (CI) upgraded to Outperform at Raymond James

Belden (BDC) upgraded to Buy at Longbow

Honeywell (HON), Emerson (EMR) upgraded to Outperform at CSFB

First Solar (FSLR), Canadian Solar (CSIQ) upgraded to Buy at Goldman Sachs

Bio-Rad (BIO) upgraded to Overweight at Barclays

Patterson (PDCO) upgraded to Neutral at Evercore

Cintas (CTAS) upgraded to Buy at BAML

Anthem (ANTM) upgraded to Outperform at Evercore

Incyte (INCY) upgraded to Buy at Guggenheim

Fluidigm (FLDM) upgraded to Buy at Janney

Waters (WAT) upgraded to Neutral at BAML

Canadian Nat'l (CNI) upgraded to Overweight at Stephens

Gilead (GILD) upgraded to Outperform at Oppenheimer

Canada Goose (GOOS) upgraded to Buy at TD Securities

Teva (TEVA) upgraded to Buy from Sell at BAML

Apple (AAPL) downgraded to Neutral at Macquarie

Albemarle (ALB) downgraded to Hold at Berenberg

USA Compression (USAC) downgraded to Neutral at UBS

Lumber Liquidators (LL) downgraded to Hold at Loop Capital, \$10 PT

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MEDIA HIGHLIGHTS

OCC says U.S. banks 'well-positioned' for adverse market conditions – Reuters

Barrick Gold (ABX) CEO weighs options for stake in Acacia Mining - Reuters

Netflix (NFLX) circumvents iTunes billing, curbing \$256M revenue stream - BI

U.S. grants 75% of tariff exclusion requests for certain steel imports - WSJ

J&J (JNJ) reports India sales down 3%, Reuters

Spotify (SPOT) looks to sign up 'Rest of the World' to compete with Apple - FT

Datacenter server demand to see sharp growth after sluggish 1H19 – Digitimes

Baidu (BIDU), Sohu (SOHU) Get Ensnared in Latest Chinese Internet Clampdown – Bloomberg

Apollo, **Arconic (ARNC)** discussing deal for about \$22/share – Reuters

Swiss giant **UBS** dismisses M&A speculation with **Deutsche Bank (DB)** – Reuters

Nordstrom (JWN) co-president dies less than a month after lymphoma diagnosis - WWD

PG&E (PCG) will face lawsuit over 2013 wildfires – WSJ

STOCK SPECIFIC NEWS OF NOTE

Ironwood (IRWD), Allergan (AGN) reach settlement with Mylan over LINZESS patent litigation

Sempra Energy (SRE) unit to sell U.S. natural gas storage assets to ArcLight for \$332M

Blackbaud (BLKB) acquires **YourCause** for \$157M

FrontFour raises stake in **MDC Partners (MDCA)**, urges appointment of new directors

PolyOne (POL) acquires Fiber-Line for \$120M

Apple (AAPL) says emerging market weakness 'significantly greater' than projected, cuts Q1 outlook

Welltower (WELL) to acquire 55 buildings for \$1.25B

Bristol Myers (BMY) to acquire **Celgene (CELG)** in \$74B cash and stock deal

Veracyte (VCYT), Johnson & Johnson (JNJ) enter collaboration for lung cancer tests

General Motors (GM) total Q4 deliveries declined 2.7%

PRE-MARKET MOVERS

Moving Higher: CELG 31%, DBVT 12%, GILD 2.5%

Moving Lower: BMY -14%, STM -9%, AAPL -8.5%, MU -3%, NVDA -3%, AMD -3%

INSIDER TRADING (Form 4 Filings)

Buying: NEON, REV, PWR

Selling: RMD, CARA, SITE, ZTS, DHI, AERI, WMT, VRTU, CIEN, RIG, NTNXX

INSTITUTIONAL MONEY FLOW

Buying: PEP, DIS, CI, VZ, JNJ, PFE, KO, INTU, MCD, CAT, CRM, HLT, BABA, ABT, UPS

Selling: AMZN, T, GOOG, V, INTC, BAC, LIN, PYPL, CRCL, GILD, MA, MU, KHC, EOG

OPTION HIGHLIGHTS (Prior Day)

Gilead (GILD) with buyers today of 4,000 March \$65 calls for \$3.15 and follows recent activity in the February \$65 and \$67.50 calls as well as size accumulation in the Jan. 2020 \$65 calls. GILD has bullish open interest across May and June expirations as well from buyers in September/October. Shares are down over 20% since October and testing 5-year lows around \$60. GILD has a key high-volume node above at \$68/\$68.50 and then higher at \$73.50 which would be initial targets higher. The \$83.7B company trades 9.25X earnings, 3.75X sales, and 16.75X FCF with a 3.65% yield and sizable cash position. GILD expects to earn over \$7/share in FY20 with 2-3% revenue growth. HIV sales were up 12 in October while HCV continues to lag. The company announced a new CEO in December as it looks to stabilize its legacy businesses and enter new markets like oncology. GILD has a catalyst-heavy 1H 19 with Phase 3 NASH data later this quarter and Filgotinib data which could lead to a 2019/2020 filing. Analysts have an average target for shares of \$88 with 11 buy ratings and 9 hold ratings. Short interest is around 1% and near multi-year lows. Cantor with a \$92 PT recently seeing peak 2027 Filgotinib sales of \$4B, up from \$2.75B. Guggenheim starting at Buy on 12/17 with an \$86 PT seeing 2019/2020 as key turnaround years for the pipeline with several Phase 3 readouts which will de-risk the pipeline. Jefferies' Michael Yee positive on 12/10 saying the new CEO makes the company "more ownable" as the company deploys its balance sheet and transitions into the "New Gilead" in 2019. Institutional ownership

AFTER HOURS MOVERS

Gainers:

Losers: LITE -8.5%, AAPL -7.5%, SWKS -6%, QRVO -5%, AVGO -4.7%, ROKU -4.5%, STM -4%, MU -3.5%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.44	Extreme Low
CBOE Index Put/Call Ratio	0.99	Low
CBOE Skew Index	117.26	Multi-Month Lows
VIX Curve	Backwardation	Fear
CNN Fear & Greed Index	12	Extreme Fear
NYMO	-9.91	Neutral
NYSE Highs/Lows	-26	Neutral
McClellan Summation	-1083	Below 8-EMA
Univ. of Michigan Consumer Sentiment	97.5 (December)	1.7%+

SMART MONEY (13g/13d Filings)

POTENTIAL SYMPATHY TRADES

SWKS, LITE, QRVO, AVGO, QCOM, CRUS, OLED – on AAPL guidance cut

AMGN, GILD, PFE – on BMY/CELG deal

IPO /SECONDARY MONITOR

Nothing Scheduled

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

Antero (AR)	AO Smith (AOS)	Cormedix (CRMD)
Tenet (THC)	Legg Mason (LM)	Weatherford (WFT)
NCR Corp (NCR)	Ferro (FOE)	Overstock (OSTK)
MGIC Investment (MTG)	Sun Run (RUN)	Novavax NVAX)
Encana (ECA)	Weight Watchers (WTW)	Immunomedics (IMMU)
NetApp (NTAP)	Shoe Carnival (SCVL)	Nabors (NBR)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

CorMedix (CRMD)	Legg Mason (LM)	Solid Bio (SLDB)
Wright Medical (WMGI)	Sun Run (RUN)	Fox (FOXA)
Encana (ECA)	Insulet (PODD)	Tilray (TLRY)
Adtran (ADTN)	Shoe Carnival (SCVL)	Ziopharm (ZIOP)
Tenet (THC)	Becton Dickinson (BDX)	Rite Aid (RAD)
Array Bio (ARRY)	Chenere (LNG)	Antero (AR)

OTM Calls on Offer

OTM Puts on Offer

Most Volatile Stocks

Mosaic (MOS)	Novavax (NVAX)	Natural Health (NHTC)
Kroger (KR)	Tiffany (TIF)	Aurinia (AUPH)
Denbury (DNR)	Mallinckrodt (MNK)	CVR Refining (CVRR)
Bank of NY (BK)	Verizon (VZ)	Prospect Capital (PSEC)
Box (BOX)	Comcast (CMCSA)	Calix (CALX)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

Micron (MU)	Nvidia (NVDA)	AO Smith (AOS)
Range Resources (RRC)	Bank of America (BAC)	Legg Mason (LM)
Petrobras (PBR)	Gold (GLD)	Ferro (FOE)
General Electric (GE)	Halliburton (HAL)	Antero (AR)
JP Morgan (JPM)	Eli Lilly (LLY)	Tenet (THC)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

Crocs (CROX)	Sage Therapeutics (SAGE)	NKE, 600 July \$75/\$60 put spreads
Exact Sciences (EXAS)	Ferro (FOE)	CPB, February \$32/\$28 put spread trading 1,000X
Alibaba (BABA)	Nike (NKE)	LNG, Jan. 25th (W) \$57/\$50 put spread bought 750X
Abbott (ABT)	Boyd Gaming (BYD)	EXAS, January 11th (W) \$63/\$68 call spread bought 5,000X
Trinity (TRN)	Cheniere (LNG)	NCR, January 2020 \$28/\$33 call spread bought 2,000X4,000

Analyst Actions

Henry Schein (HSIC) downgraded to Sell at Evercore

Puma Bio (PBYI) downgraded to Neutral at Guggenheim

Robert Half (RHI) downgraded to Neutral at BAML

Mettler Toledo (MTD) downgraded to Neutral at BAML

Jones Lang LaSalle (JLL) downgraded to Sell at BAML

Quest Diagnostics (DGX), LabCorp (LH) downgraded to Sell at BAML

Abbvie (ABBV) downgraded to Neutral at BAML

First Data (FDC) downgraded to Neutral at Stephens

Needham initiating in Life Sciences with **GHDX, TMO, DHR, A, MYGN, NGNM, BRKR** at Buy, **WAT, PKI** at Neutral

Deutsche Bank starting **MDT, SYK** at Buy

Open Interest Checks

LNG – Jan. 2020 \$45 Puts from 10,127 to 20,127

AMAT – March \$32 Puts from 1,031 to 1,743

XOM – Jan. 2020 \$75 Calls from 1,559 to 2,362

BX – June \$30 Short Puts from 2,017 to 4,042

PTLA – March \$15 Calls from 621 to 1,239

MRVL – Jan. 2020 \$13 Calls from 1,654 to 1,603

HLF – Feb. \$57.50 Calls from 1,684 to 2,358

EXEL – Feb. \$20 Short Calls from 3,629 to 5,828

UBS – December \$12.50 Calls from 4,273 to 7,103

AXDX – Feb. \$12.50 Calls from 4,637 to 6,247

AAPL – March \$160 Calls from 9,609 to 14,184

ADNT – Jan. 2020 \$15 Puts from 10,240 to 11,740

Extras

Solid Bio (SLDB) unusual buyers of 2,000 April \$40 calls this afternoon up to \$3.50 with Phase 1 data for SGT-001 in DMD due in Q1

State Street (STT) the May \$60 puts being bought nearly 800X for \$3.55 to \$3.60 with earnings on 1-22

Dine Equity (DIN) with the March \$65 puts bought nearly 500X today for \$4.10 to \$4.50

Wellcare (WCG) buyer of 500 January \$240 calls this afternoon for \$5.30 to \$5.40

Globus Medical (GMED) buyer of 2,000 January \$42.50/\$47.50 call spreads for \$0.55 today into the 9% move lower

Newmont Mining (NEM) buyers of 2,750 March \$34 calls for \$2.23 to \$2.26

Coty (COTY) seeing 1,725 May \$5 calls opening today for \$2.00

Etsy (ETSY) seeing 700 January \$55 puts roll out to June \$50 puts today which open for \$8.80

Herbalife (HLF) another 1,250 February \$57.50 calls bought for \$3.55 to \$3.70 where buyers opened more than 1,200 last week

Roku (ROKU) late buyer of 3,500 January \$35/\$39 call spreads for \$0.80

Wright Medical (WMGI) strong close and 1,000 May \$27.50 calls bought for \$2.10, named a top idea at Piper this morning behind more extremities and sports medicine growth

Automatic Data (ADP) with 500 January \$129 puts sold to open this morning from \$3.50 to \$3.40

Russell (IWM) the February \$128/\$117 put spread bought over 7,500X for \$2.11

S&P (SPY) the February 1st (W) \$220/\$205/190 put butterfly spread opening 17,500X35,000